

**Families Helping Families  
of Greater Baton Rouge, Inc.  
Baton Rouge, Louisiana  
June 30, 2005**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

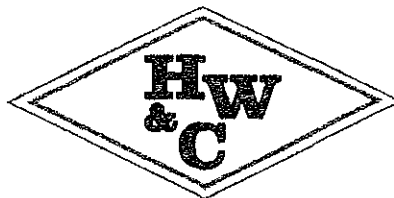
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CERTIFIED PUBLIC ACCOUNTANTS

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November 16, 2005

**Independent Auditor's Report**

Board of Directors  
Families Helping Families  
of Greater Baton Rouge, Inc.  
Baton Rouge, Louisiana

Members of the Board:

We were engaged to audit the accompanying statement of financial position of

**Families Helping Families of Greater Baton Rouge, Inc.**  
**(A Non-Profit Corporation)**  
**Baton Rouge, Louisiana**

as of June 30, 2005, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the organization's management.

The organization does not maintain certain customary accounting records and supporting documents relating to transactions nor, in our opinion, a system of internal control adequate to provide safeguards of assets and assure proper recording of transactions. Accordingly, it was impracticable to extend our procedures sufficiently to determine the extent to which the financial statements may have been affected by these conditions.

Since the organization does not maintain certain customary accounting records or documents, or an adequate system of internal control, as described in the preceding paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the financial statements referred to above.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2005, on our consideration of Families Helping Families of Greater Baton Rouge, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

We were engaged to audit the basic financial statements of Families Helping Families of Greater Baton Rouge, Inc. for the purpose of forming an opinion on those statements taken as a whole. The accompanying schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and is not a required part of the basic financial statements of Families Helping Families of Greater Baton Rouge, Inc. As discussed in the second paragraph of our report on page 3, the scope of our work was not sufficient to enable us to express an opinion on the basic financial statements presented therein. Similarly, we are unable to express, and do not express, an opinion on the schedule of federal and state awards.

Yours truly,

*Hawthorn, Weymouth & Carroll, L.L.P.*

**Families Helping Families of Greater Baton Rouge, Inc.**  
**Statement of Financial Position**  
**June 30, 2005**

**A s s e t s**

<b>Current Assets</b>	
Cash and cash equivalents	\$ 50,560
Grants receivable	215,177
Deposits	<u>1,355</u>
<b><u>Total current assets</u></b>	<b><u>267,092</u></b>
 <b>Property and Equipment</b>	
Telephone equipment	510
Computer equipment	37,522
Equipment	14,022
Equipment - SPOE	20,817
Furniture and fixtures	16,002
Furniture and fixtures - CSHS	<u>870</u>
	89,743
Less accumulated depreciation	<u>30,390</u>
<b><u>Net property and equipment</u></b>	<b><u>59,353</u></b>
 <b><u>Total assets</u></b>	 <b><u>326,445</u></b>

**Liabilities and Net Assets**

<b>Current Liabilities</b>	
Accounts payable	3,542
Accrued liabilities	<u>29,494</u>
<b><u>Total current liabilities</u></b>	<b><u>33,036</u></b>
 <b>Net Assets</b>	
Unrestricted	<u>293,409</u>
<b><u>Total net assets</u></b>	<b><u>293,409</u></b>
 <b><u>Total liabilities and net assets</u></b>	 <b><u>326,445</u></b>

The accompanying notes are an integral part of these statements.

**Families Helping Families of Greater Baton Rouge, Inc.**  
**Statement of Activities**  
**Year Ended June 30, 2005**

**UNRESTRICTED**

**Revenue**

Federal and state grants	\$ 791,500
Miscellaneous	<u>4,290</u>
<b><u>Total Revenue</u></b>	<b><u>795,790</u></b>

**Expenses**

Accounting Services	6,468
Advertising	563
Audit Fees	12,500
Bank Charges	524
Conference and Convention	10,368
Consulting	1,819
Contract Labor	3,622
Depreciation	12,594
Dues and Subscriptions	406
Education and Training Expenses	520
Insurance - WC	2,124
Interest	1,524
Miscellaneous Expenses	10,525
Office Equipment	159
Office Supplies	21,903
Payroll Expenses	384,041
Payroll Taxes	42,346
Postage	14,780
Postage and Shipping	23
Printing and Publications	7,488
Professional Fees	2,095
Program Services	1,571
Rent	39,817
Repairs & Maintenance - Equipment	1,290
Repairs & Maintenance	2,012
Stipend	230
Supplies	3,202
Telecommunications	28,172
Travel and Lodging	33,842
Utilities	<u>6,932</u>
<b><u>Total expenses</u></b>	<b><u>653,460</u></b>

<b>Increase in Net Assets</b>	<b>142,330</b>
<b>Net Assets, beginning of year</b>	<b><u>151,079</u></b>
<b>Net Assets, end of year</b>	<b><u>293,409</u></b>

The accompanying notes are an integral part of these statements.

**Families Helping Families of Greater Baton Rouge, Inc.**  
**Statement of Cash Flows**  
**Year Ended June 30, 2005**

<b>Cash Flows From Operating Activities</b>	
Increase in net assets	\$ 142,330
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	12,594
Decrease in operating assets	
Grants receivable	85,202
Prepaid Expenses	8,441
Increase (Decrease) in operating liabilities	
Accounts payable	(163,104)
Accrued liabilities	<u>26,925</u>
<b><u>Net cash provided by operating activities</u></b>	<b><u>112,388</u></b>
<b>Cash Flows From Investing Activities</b>	
Purchased equipment	<u>(15,227)</u>
<b><u>Net cash (applied to) investing activities</u></b>	<b><u>(15,227)</u></b>
<b>Cash Flows From Financing Activities</b>	
Payment on Line of Credit	<u>(39,859)</u>
<b><u>Net cash (applied to) financing activities</u></b>	<b><u>(39,859)</u></b>
<b>Net Increase in Cash</b>	<b>57,302</b>
<b>Cash (overdraft), beginning of year</b>	<b><u>(6,742)</u></b>
<b>Cash, end of year</b>	<b><u>50,560</u></b>
<b>Supplemental disclosure of cash flow information:</b>	
Interest paid	<b><u>\$ 1,524</u></b>

The accompanying notes are an integral part of these statements.

**Families Helping Families of Greater Baton Rouge, Inc.**  
**Notes to Financial Statement**  
**June 30, 2005**

**Note 1-Summary of Significant Accounting Policies**

**A. Organization**

Families Helping Families of Greater Baton Rouge, Inc.(FHFGBR) is a nonprofit corporation founded on January 10, 1998. The organization's mission is to provide individualized services, information, resources, and support needed to positively enhance the independence, productivity and integration of persons with developmental disabilities in the Greater Baton Rouge area.

**B. Basis of Accounting and Presentation**

The financial statements have been prepared on the accrual basis of accounting and, accordingly, reflect all receivables, payables, and other liabilities.

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards (SFAS) No. 117, "Financial Statements of Non-Profit Organizations". In applying SFAS No. 117, FHFGBR is not considered to be a health and welfare organization. However, under SFAS No. 117, FHFGBR is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. FHFGBR has no temporarily or permanently restricted net assets.

**C. Property and Equipment**

Property and equipment is recorded at cost; or, if donated, at fair market value at date of donation. Depreciation is provided for on a straight-line basis in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives. Estimated useful lives range from 5 to 10 years.

Expenditures for major additions of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

**D. Income Taxes**

FHFGBR is exempt from income tax under IRC Section 501(c)(3) and is not classified as a private foundation. FHFGBR is required to file Form 990 with the Internal Revenue Service.

**E. Cash and Cash Equivalents**

For purposes of the statement of cash flows, FHFGBR considers all highly liquid instruments purchased with a maturity of three months or less to be cash equivalents.

**F. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and



**Families Helping Families of Greater Baton Rouge, Inc.**  
**Notes to Financial Statement**  
**June 30, 2005**

**Note 1-Summary of Significant Accounting Policies (Continued)**

**F. Use of Estimates (Continued)**

liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates made by management which might affect these financial statements include, but are not limited to the following items:

- Allocations of operating expenses between program activities and management and general function;

**G. Revenue and Support**

Government grants, which are considered exchange transactions, are recognized as revenue when allowable costs are incurred to provide the services as provided for under the terms of the grant agreement. Advances under the grants are recorded as deferred income until such time as they can be recognized as revenue.

**H. Advertising Costs**

Advertising costs are expensed as incurred. Total advertising expense for 2005 was \$563.

**Note 2-Lease Commitment**

FHFGBR leases facilities at 3060 Teddy Drive and 778 Chevelle Drive in Baton Rouge, Louisiana under operating leases expiring in 2007. Rental expenses under these leases were \$38,200 in 2005. FHFGBR terminated its lease at 3060 Teddy Drive in September 2005. The following is a schedule of the future minimum lease payments.

<u>Year Ending</u>	
2006	\$16,800
2007	\$16,800

**Note 3-Contingencies - Grant Program**

Families Helping Families of Greater Baton Rouge, Inc. participates in federal and state grant programs, which are governed by various rules and regulations. Costs charged to the grant programs are subject to audit and adjustment by the grantor agency; therefore, to the extent that FHFGBR has not complied with the rules and regulations governing the grants, refunds of any money received and the collectibility of any related receivable at year end may be impaired. The Louisiana Department of Health and Human Services is currently performing an audit of its contracts and no report has been issued as of the date of the audit report. No provision has been recorded in the accompanying financial statements for such contingencies. Any costs that would be disallowed would be recognized in the period agreed upon by the grantor agency and FHFGBR.

**Families Helping Families of Greater Baton Rouge, Inc.**  
**Notes to Financial Statement**  
**June 30, 2005**

**Note 4-Economic Dependency**

FHFGBR receives revenue through grants administered by the State of Louisiana. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of funds received by FHFGBR could be reduced significantly by an amount that could adversely impact its operations. Management is not aware of any actions that will adversely effect the amount of grants the organization will receive in the next fiscal year.

**Note 5 - Functional Classification of Expenses**

Expenses specifically identifiable to a particular program are charged directly to the program. Management and general expenses include expenses that are not directly identifiable with a specific program, but provide for the overall support and direction of the Organization.

	<u><b>2005</b></u>
Program services expensed	\$ 576,512
Management and general expenses	<u>76,948</u>
Total	<u><b>\$ 653,460</b></u>

**Note 6 - Subsequent Events**

Management has subsequently elected not to renew their System Point of Entry (SPOE) contract with D.H.H. Two other contracts, Capital Area Human Services District (CAHSD) and Bureau of Community Support and Services, (BCCS) have been cancelled. The total revenue impact of these three contacts is \$561,489. Management has reduced expenditures and personnel costs accordingly.

**Note 7 - Board of Directors Compensation**

The Board of Directors is a voluntary board; therefore, no compensation or per diem has been paid to any Director.

## **Supplemental Information**

**Families Helping Families of Greater Baton Rouge, Inc.**  
**Schedule of Expenditures of Federal and State Awards**  
**Year Ended June 30, 2005**

**Basis of Presentation**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of FHFGBR and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

<u>Federal Grantor and Programs</u>	<u>C.F.D.A.#</u>	<u>Pass-through Grantor's Number</u>	<u>Disbursements/ Expenditures</u>
Department of Health and Hospitals/ Bureau of Community Supports & Services (BCSS)		619808	\$ <u>5,477</u>
<u>Total Bureau of Comm. Supports &amp; Serv.</u>			<u>5,477</u>
Department of Health and Hospitals/ Office of Public Health	84.181		
Children's Special Health Services		614440	39,460
System Point of Entry (SPOE)		614440	<u>383,475</u>
<u>Total Office of Public Health</u>			<u>422,935</u>
Department of Health and Hospitals/Louisiana Developmental Disabilities Council	93.630		
Stipend		617067	5,080
STAR		603481	<u>6,000</u>
<u>Total Developmental Disabilities Council</u>			<u>11,080</u>
Department of Education/Office of School and Community Support	84.027		
La. State Department of Education (SDENECSS)		611032	<u>19,595</u>
<u>Total School &amp; Community Support</u>			<u>19,595</u>
Department of Education/Office of Special Education Programs	84.323A		
La. State improvement Grant (LaSIG)		617910	<u>139</u>
<u>Total Special Education Programs</u>			<u>139</u>
<b>** <u>Total Expenditures of Federal Awards</u></b>			<b><u>\$ 459,226</u></b>

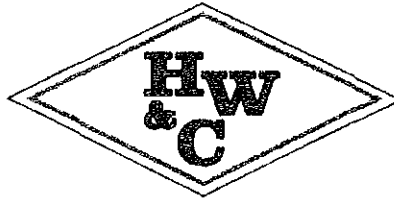
\*\* Total federal expenditures are less than the \$500,000 requirement for a single audit, however, due to improper allocation of expenditures an A-133 single audit has been performed.

Families Helping Families of Greater Baton Rouge, Inc.  
Schedule of Expenditures of Federal and State Awards  
Year Ended June 30, 2005

<u>State Awards</u>	<u>C.F.D.A.#</u>	Pass-through <u>Grantor's</u> <u>Number</u>	<u>Disbursements/</u> <u>Expenditures</u>
Department of Health and Hospitals/Louisiana Development Disabilities Council		610854	\$ <u>49,632</u>
<b><u>Total La. Development Disability Council</u></b>			<u>49,632</u>
Louisiana Capital Area Human Services District		613902	<u>54,783</u>
<b><u>Total La. Capital Area Human Services</u></b>			<u>54,783</u>
Louisiana Office of Mental Health (ECSS)		617580	<u>12,871</u>
<b><u>Total La. Office of Mental Health</u></b>			<u>12,871</u>
Total Expenditures of State Awards			<u>117,286</u>

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November 16, 2005

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Board of Directors  
Families Helping Families  
of Greater Baton Rouge, Inc.  
Baton Rouge, Louisiana

We were engaged to audit the financial statements of Families Helping Families of Greater Baton Rouge, Inc. (FHFGBR) (a nonprofit organization), as of and for the year ended June 30, 2005, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Our report dated November 16, 2005, stated that because the organization does not maintain certain customary accounting records and supporting documents relating to transactions nor, in our opinion, a system of internal control adequate to provide safeguards of assets and assure proper recording of transactions, the scope of our work was not sufficient to enable us to express, and we did not express, an opinion on the financial statements.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered FHFGBR's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect FHFGBR's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 05-01 through 05-16.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 05-01 through 05-16 to be material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether FHFGBR's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items 05-01 through 05-11.

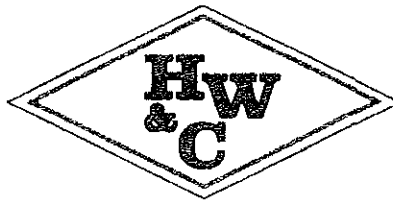
This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Yours truly,

*Hawthorn, Weymouth & Arnell, L.L.P.*

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November 16, 2005

**Report on Compliance with Requirements Applicable to  
Each Major Program and on Internal Control over Compliance  
In Accordance with OMB Circular A-133**

Board of Directors  
Families Helping Families  
of Greater Baton Rouge, Inc.  
Baton Rouge, Louisiana

Compliance

We were engaged to audit the compliance of Families Helping Families of Greater Baton Rouge, Inc. with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major programs for the year ended June 30, 2005. Families Helping Families of Greater Baton Rouge, Inc.'s major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Families Helping Families of Greater Baton Rouge, Inc.

The organization does not maintain certain customary accounting records and supporting documents relating to transactions nor, in our opinion, a system of internal control adequate to provide safeguards of assets and assure proper recording of transactions. Accordingly, it was impracticable to extend our procedures sufficiently to determine the extent to which the major program may have been affected by these conditions.

However, as described in items 05-01 through 05-08, and 05-10 in the accompanying schedule of findings and questioned costs, Families Helping Families of Greater Baton Rouge, Inc. did not comply with requirements regarding allowable costs that are applicable to its major program.



Since the organization does not maintain certain customary accounting records or documents, or an adequate system of internal control, as described in the second paragraph, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on Families Helping Families of Greater Baton Rouge, Inc.'s compliance with requirements applicable to its major program and on internal control over compliance in accordance with OMB Circular A-133.

#### Internal Control over Compliance

The management of FHFGBR is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered FHFGBR's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect FHFGBR's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 05-12, 05-13, and 05-15.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 05-01 through 05-16 to be material weaknesses.

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Yours truly,

*Hawthorn, Weymouth & Canall, L.L.P.*

**Families Helping Families of Greater Baton Rouge, Inc.**  
**Schedule of Audit Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**A. Summary of Auditor's Results**

1. The auditor's report disclaims an opinion on the financial statements of the Families Helping Families of Greater Baton Rouge, Inc.
2. Reportable conditions relating to the audit of the financial statements are reported in this Schedule and referenced 05-1 through 05-16 in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*. See Page 14.
3. Instances of noncompliance material to the financial statements of the Families Helping Families of Greater Baton Rouge, Inc., were disclosed during the audit, and are referred in the "Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*". See items 05-01 through 05-16.
4. Reportable conditions relating to the audit of the major federal award program are reported in this Schedule and referenced 05-01 through 05-08, 05-10, 05-12, 05-13 and 05-15 in the Report On Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance with requirements applicable to its major program and on internal control over compliance in accordance with OMB Circular A-133 disclaims an opinion.
6. No management letter was issued in connection with this engagement.
7. The program tested as a major program was: Louisiana Department of Health and Hospitals, System Point of Entry (SPOE)
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. Families Helping Families of Greater Baton Rouge, Inc., was determined not to be a low-risk auditee.

**Families Helping Families of Greater Baton Rouge, Inc.  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2005**

**Non Compliance Matters**

Questioned  
Costs

**05-01 Customary Accounting Records**

*Conditions and Criteria:* The organization did not maintain certain customary accounting records on a timely basis. The general ledger for the year ended June 30, 2005 was not prepared on a monthly basis. The general ledger was assembled by an outside contract accountant after the year ended.

*Effect:* There were no interim reports or financial statements to provide management and the Board of Directors concerning the organization's activities.

*Auditor's Recommendations:* The organization's books, records, general ledger and interim financial statements should be prepared monthly. The financial statements should also be submitted to the Board of Director on a monthly basis.

**05-02 Internal Control Over Payroll**

*Condition and Criteria:* There is only limited internal control over the payroll function. We noted that there were missing time sheets, time sheets not approved in accordance with the organizations policy, missing and incomplete payroll registers and no documentation of approved pay rates for any employees.

*Effect:* Payroll amounts are subject to overpayment and are therefore considered a questioned cost.

*Cause:* Internal controls are not in place to assure that payroll amounts are disbursed based on approved time sheets using proper pay rates

*Population and Items Tested:* A sample of 5 employees from 5 payroll records yielded the following results.

- \* There were no approved time sheets for 14 of the 25 payments.
- \* Information for 2 of the 25 payments was not included on payroll registers due to missing or incomplete payroll registers.
- \* There were no pay rate authorizations in personnel files of the 5 employees.

\$54,063

**Families Helping Families of Greater Baton Rouge, Inc.  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2005**

**Non Compliance Matters (continued)**

Questioned  
Costs

**05-02 Internal Control Over Payroll (continued)**

*Auditor's Recommendation:* An internal control system over payroll disbursements should be adopted to include the following:

- \* Approved pay rates should be included in each employees personnel file.
- \* Each employee should prepare weekly time sheets which must be approved by a supervisory employee
- \* Payroll registers including all payroll disbursement details should be prepared and retained for each payroll.

**05-03 Inadequate Documentation of Expenses**

*Condition and Criteria:* There were several instances of payments being made without required documentation.

*Effect:* Unable to verify that expenses are accurate and/or allowable.

*Cause:* Lack of proper internal controls over expenditures.

*Population and Items Tested:* A sample of 35 transactions was selected to verify proper documentation. Our test disclosed that 15 of the 35 transactions did not include proper documentation. Fifteen payments totaling \$8,877 are considered questioned costs.

*Auditor's Recommendation:* Appropriate documentation should be obtained before payments are made.

\$8,877

**05-04 Improper Coding of Expenses**

*Condition and Criteria:* Expenditures are coded incorrectly to general ledger expense accounts.

*Effect:* Expenses charged to the major program are not accurate.

**Families Helping Families of Greater Baton Rouge, Inc.  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2005**

<u><b>Non Compliance Matters (continued)</b></u>	<u><b>Questioned Costs</b></u>
<b>05-04 Improper Coding of Expenses (continued)</b>	
<i>Cause:</i> Lack of internal control over expenditures.	
<i>Population and Items Tested:</i> A sample of 35 transactions were selected to verify proper coding of expenses. Our tests disclosed that 28 of the 35 payments selected were not properly coded. Questioned costs were not able to be determined.	Unknown
<i>Auditor's Recommendations:</i> Expenditures should be coded to the proper general ledger accounts.	
<b>05-05 Internal Controls Over Travel</b>	
<i>Condition and Criteria:</i> There is only limited control over the organization's travel policy. The travel policy does not require employees to turn in documentation supporting requests for travel reimbursements. Additionally, there are no procedures in place to determine that travel reimbursements are made only for out of region travel in accordance with the State of Louisiana Travel regulations.	\$335
<i>Effect:</i> The organization is reimbursing employees for unallowable costs.	
<i>Cause:</i> Internal controls are not in place to review meal expense reimbursement requests to determine that proper reimbursements are made.	
<i>Auditor's Recommendation:</i> The organization's travel policy should be amended to require that reimbursement requests must be accompanied by supporting documentation prior to the employee being reimbursed. Additionally, procedures should be instituted to require that reimbursement requests, including supporting documentation, should be reviewed and approved by a supervisory employee before the employee is reimbursed.	

**Families Helping Families of Greater Baton Rouge, Inc.  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2005**

<u><b>Non Compliance Matters (continued)</b></u>	<u><b>Questioned Costs</b></u>
<b>05-06 Allocation of Indirect Costs</b>	
<i>Condition and Criteria:</i> There is no indirect cost allocation plan in place to properly allocate indirect costs.	
<i>Effect:</i> Program expenses are not being properly allocated; therefore, expenses charged to the major program are not accurate.	
<i>Cause:</i> Lack of an approved cost allocation plan.	
<i>Population and Items Tested:</i> A sample of 35 transactions were selected to verify proper allocation of expenses. Due to the lack of an indirect cost allocation plan we were not able to be determined the amount of questionable costs.	Unknown
<i>Auditor's Recommendation:</i> A cost allocation plan should be adopted to properly allocate indirect cost to the various programs in a consistent and reasonable manner.	
<b>05-07 Improper Allocation of Program Expenses</b>	
<i>Condition and Criteria:</i> Program expenses are not being properly allocated.	
<i>Effect:</i> Program expenses are not charged to the correct program; therefore, possibly overstating requests for reimbursements.	
<i>Cause:</i> Lack of controls in place to ensure that request for reimbursement agree with actual expenses for that program.	
<i>Population and Items Tested:</i> A sample of transactions were selected to verify proper allocation of program expenses. Due to the lack of documentation and no indirect cost allocation plan, we were not able to determine the amount of questionable costs.	Unknown
<i>Auditor's Recommendation:</i> Program expenses should be properly allocated to insure proper reimbursement under contracts.	

**Families Helping Families of Greater Baton Rouge, Inc.  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2005**

**Non Compliance Matters (continued)**

Questioned  
Costs

**05-08 Allocation of Grant Revenue**

*Condition and Criteria:* We noted that Grant revenues are not being properly allocated to their specific program.

*Effect:* Program revenue on the general ledger does not reflect accurate amounts of revenue received for each program.

*Cause:* Management is not posting deposits to the correct program as they are received.

*Auditor's Recommendation:* Reconcile grant revenue to the grant contracts.

**05-09 Dual Signatures on Checks**

*Condition and Criteria:* Checks greater than \$500 are required to have dual signatures. Numerous checks were written for an amount greater than \$500 that did not have dual signatures.

*Effect:* The organization is not in compliance with it's policies and may make unauthorized purchases.

*Cause:* Procedures in place to ensure that approval was obtained, where required, were not followed.

*Auditor's Recommendation:* Checks in excess of \$500 should be signed by management and a member of the board of directors.

**05-10 Issuing duplicate checks**

*Condition and Criteria:* Instances of duplicate payments of invoices were noted.

*Effect:* Expenses are potentially overstated by a duplicate payment.

**Families Helping Families of Greater Baton Rouge, Inc.  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2005**

<b><u>Non Compliance Matters (continued)</u></b>	<b><u>Questioned Costs</u></b>
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**05-10 Issuing duplicate checks (continued)**

*Cause:* Controls not in place to ensure that duplicate payments of invoices are made.

<i>Questioned Costs:</i>	\$523
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*Auditor's Recommendation:* Personnel need to be trained in the purpose and effect of internal controls that are in place. Only one check should be issued for each corresponding expenditure.

**5-11 Prepare Monthly Financial Statements on the Accrual Basis**

*Condition and Criteria:* The center does not track grants receivable and accounts payable. This limits the Board of Directors ability to monitor the true financial position of the Organization.

*Effect:* Audit tests revealed significant unrecorded accounts payable and accounts receivable at June 30, 2005.

*Cause:* Management does not prepare its monthly financial statements on the accrual basis.

*Auditor's Recommendation:* Transactions should be recorded on the accrual basis of accounting, to enable the Board to monitor the financial position and activities of the Organization.

**Internal Control Over Financial Reporting**

**05-12 Excessive Cell Phone Usage**

*Condition and Criteria:* FHFGBR does not have a cell phone usage policy in place.

*Effect:* Several bills were over the allotted minutes and had significant excess charges.



**Families Helping Families of Greater Baton Rouge, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

<b><u>Internal Control Over Financial Reporting</u></b>	<b><u>Questioned Costs</u></b>
<b>05-12 Excessive Cell Phone Usage (continued)</b>	
<i>Cause:</i> Management does not monitor cell phone usage.	
<i>Questionable Cost:</i>	Unknown
<i>Auditor's Recommendation:</i> A cell phone policy should be implemented and management should review monthly cell phone bills to ensure that the policy is being followed.	
<b>05-13 Board Approved Budget and Review of Financial Statements</b>	
<i>Condition and Criteria:</i> There is no budget that is approved and reviewed by the Board of Directors nor does the board review monthly financial statements.	
<i>Effect:</i> The Board of Directors is not aware of activities or the financial condition of the organization.	
<i>Cause:</i> Lack of approval of a budget and review of financial statements by the board.	
<i>Auditor's Recommendation:</i> An annual budget should be prepared and approved by the Board. The Board should also review actual versus budgeted expenditures on a monthly basis for any significant variations.	
<b>05-14 Lack of a Complete Set of Minutes</b>	
<i>Condition and Criteria:</i> There is no complete set of minutes and the minutes were not prepared in a detailed format.	
<i>Effect:</i> Lack of informative minutes	
<i>Cause:</i> Board minutes are either not kept for meetings or are not prepared in a detailed format.	

**Families Helping Families of Greater Baton Rouge, Inc.  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2005**

<b>Internal Control Over Financial Reporting (continued)</b>	<b>Questioned <u>Costs</u></b>
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**05-14 Lack of a Complete Set of Minutes (continued)**

*Auditor's Recommendation:* Board meeting minutes should be recorded in greater detail.

**05-15 Control Over Property and Equipment**

*Condition and Criteria:* Although a fixed asset register is maintained, physical control and inspection is lacking.

*Effect:* Lack of sufficient controls over property and equipment.

*Cause:* Property and equipment is not properly tagged and identified.

*Auditor's Recommendation:* A physical count should be conducted periodically and the locations and ID#'s used for tracking assets.

**05-16 Annual Financial Reports Not Timely Submitted**

*Condition and Criteria:* The year end financial report to the Legislative Auditor is to be submitted no more than six months after the close of the entities fiscal year.

*Effect:* FHFGBR is out of compliance with state audit law.

*Cause:* The organization did not submit the audit to the Legislative Auditor within the required time frame.

*Auditor's Recommendation:* The annual financial report should be submitted before the deadline by starting the engagement within 90 days of year end. The organization's Board of Directors should establish an audit committee to monitor year end and financial reporting requirements.

**Families Helping Families of Greater Baton Rouge, Inc.**  
**Schedule of Prior Year Audit Findings and Questioned Costs**  
**Year Ended June 30, 2004**

**04-01 Financial statements not reviewed at Board meetings** - It was noted during the audit that the board of director minutes mentioned reviewing the monthly financial statements only once during the year. An outside accounting firm prepares monthly financial statements including check registers, general ledger, cash receipts register, and payroll registers. This repeats as current year finding 05-13.

It is recommended that the Board review, discuss and approve the monthly financial statements prepared by the accounting firm to provide proper oversight of financial operations of the Center. The discussion should be documented in the minutes.

**04-02 Center wide budget not mentioned during the year** - For all grants exceeding \$5,000, we determined that each applicable federal or state grantor agency was provided with a comprehensive budget of those grants that included the purpose and duration. However, it was noted that the "company-wide" budget is not reviewed or amended during the year to reflect changes in revenue and expenses. This repeats as current year finding 05-13.

The Board of Directors should require the Director to provide a budget vs actual report at each board meeting and the budget should be amended as circumstances warrant. The Center's treasurer should independently monitor the budget process and keep the Board informed.

**04-03 Annual financial reports not timely submitted** - The year end financial report to the Legislative Auditor is due by December 31 each year. The Center did not close its June 2004 books until December 8, 2004. This resulted in a late start and the report was not issued until January 2005. This repeats as current year finding 05-16.

It is recommended that the annual financial report be submitted before the deadline by starting the engagement within 90 days of year end. The Center's Board of Directors should establish an audit committee to monitor year end and financial reporting requirements. The annual financial reports will be submitted in a timely manner.

**04-04 Annual financial report not submitted to Board** - The Center's Director did not provide the Board of Directors a copy of the fiscal 2003 or 2004 "Agreed Upon Procedures" report and financial statement compilation report. The Director also issued the "Louisiana Attestation Questionnaire" without Board approval and proper signatures. The Board was unaware of findings and recommendations included in the annual report prepared by the outside CPA. This significantly limited the Boards' ability to monitor the Center's financial position and provide the necessary oversight. The Board was also not able to implement a corrective action plan.

The Board should form an audit committee to over-see year end reporting requirements. The annual financial statements will be submitted in a timely manner.

**Families Helping Families of Greater Baton Rouge, Inc.**  
**Schedule of Prior Year Audit Findings and Questioned Costs**  
**Year Ended June 30, 2004**

**04-05 Prepare Monthly financial statements on the accrual basis** - The Center uses and outside accounting firm to prepare monthly financial statements on the "cash basis" of accounting. Consequently, the Center does not track grants receivable and accounts payable. This limits the Board of Director's ability to monitor the true financial position of the Center. Audit tests revealed significant unrecorded accounts payable and receivables at June 30, 2004. This repeats as a current year finding 05-11.

**04-06 Missing documentation for program disbursements** - As part of the audit we selected a sample of 40 disbursements for testing. Of the sample, original invoice documentation was missing for 7 disbursements. The disbursements in questions are as follows: The cancelled checks were examined to determine authenticity. This repeats as a current year finding 05-03.

**04-07 Missing documentation for payroll** - As part of the audit we examined all personnel files and a sample of time sheets supporting payroll disbursements for a sample month. Three employees did not have required payroll tax documents (W-4, L-4, I-9) on file. Approved time sheets were also missing for three employees. This repeats as a current year finding 05-02.

**04-08 Control over property and equipment** - Although a fixed asset register is maintained, physical control and inspection is lacking. Audit tests resulted in the discovery of a missing laptop computer (\$2,451.90) and other computer equipment (\$5,524.00) purchased this year. Board minutes also refer to a missing computer hard-drive used in the accounting process. This repeats as a current year finding 05-15.

It is recommended that a physical count be conducted periodically and locations and ID# should be used for tracking assets.

**04-09 Checks signed without available documentation** - The Center requires two signatures on checks over \$500. This is a good control feature when utilized. Audit inquiries resulted in a finding that the checks are often signed without proper documentation attached which limits the signer's ability to properly approve the payment. The signer also lacked a list of allowable expenses under each contract. It was also noted that the signing of checks in blank is not prohibited. This repeats as a current year finding 05-09 and 05-10.

It is recommended that a Board member with financial training sign checks only after analyzing supporting documentation and comparing expenses to a list of allowable expenses. Checks signed in blank should also be strictly prohibited.

**04-10 Excessive spending and questioned costs** - Accounts payable testing revealed a May 20, 2004 purchase from Total Graphics for \$111,000 and \$42,330 for brochures not delivered to the Center or for the Center's use. A check was written and cleared in August 2004 for \$111,000. The original invoice could not be located but a statement made from the vendor

**Families Helping Families of Greater Baton Rouge, Inc.**  
**Schedule of Prior Year Audit Findings and Questioned Costs**  
**Year Ended June 30, 2004**

**04-10 Excessive spending and questioned costs (continued)**

and canceled check verified that the transaction occurred. The purchase was apparently for brochures for state-wide distribution in the "System Point of Entry" program thru Louisiana Department of Health and Hospitals. The programs is also known as the "Early Steps Program". The contract period ended May 31, 2004. These expenses are classified as questioned costs.

**04-11 Grant billing and revenue classification** - It was noted during the audit that detail collection records for program income by grant were not available. Bank deposits were not reconciled to the grant contract in a consistent manner (i.e. copies of grant checks received were not on file to compare to bank deposit slips and general ledger classifications).

We recommend that all grant checks be copied and logged "by grant" to provide a clear audit trail.

**04-12 Grant expenses and expense classification** - It was noted during the audit that expenses charged to grants were not reconciled to expense classification on the Center's books. This resulted in an over billing to the State "System Point Entry" grant of over \$100,000. The proceeds from the over billings were subsequently used to purchase brochures from other Centers. This repeats as current year finding 05-04, 05-06, and 05-08.

It is recommended that the Center reconcile these expense charged to grants to the Center's books and records in a timely manner and that any classification amendments be documented in writing and approved by the Board of Directors.



It's who we are.  
It's what we do.

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January 12, 2006

United States Department of Health and Hospitals  
United States Department of Education  
The Louisiana Legislative Auditor

Families Helping Families of Greater Baton Rouge, Inc. (FHFGBR) respectfully submits the following corrective action plan for the year ended June 30, 2005.

Name and address of independent public accounting firm: Hawthorn, Waymouth & Carroll, L.L.P., 8555 United Plaza Boulevard, Suite 200, Baton Rouge, Louisiana 70809.

Audit period: July 1, 2004-June 30, 2005

The findings from the June 30, 2005, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Families Helping Families of Greater Baton Rouge, Inc. (FHFGBR) recognizes that the auditors' comments, 5-01 through 5-16, involve two principal areas: (1) administrative and accounting functions, and (2) board governance and oversight. These are the same two areas noted by the auditor of the financial statements for the year ended June 30, 2004. However, the audit report and findings for that year were delivered in June 2005, too late for the organization's staff and board to make the necessary corrections to impact the year ended June 30, 2005. With that in mind, the organization is committed to correcting these deficiencies during the current fiscal year. In fact, some of the areas have already been addressed and the remaining issues will be addressed by the board and staff.

FHFGBR has undergone a period of approximately two years with changes in its leadership, principally the executive director position. An individual hired in that capacity is believed to be the primary cause of most the issues cited by the auditors. That individual is no longer employed by FHFGBR as of April 2005. As an interim measure, the organization contracted in June 2005 with an individual serving as executive director of another FHF program in Louisiana. She has worked diligently to insure that some of the problems encountered by the auditors in the year ended June 30, 2005, would not be repeated in following years. Additionally, FHFGBR has hired a new executive director effective December 12, 2005.

Families Helping Families mission is to provide information and referral, education, training and peer to peer support to individuals with disabilities and their families.

One of the priority items for our new director is to address the administrative and accounting shortfalls noted by the auditors. Also, the board has undertaken a review of its governance of the organization with a commitment to provide effective oversight of our new director and her performance as our chief executive officer. The organization has recruited 7 new board members to replace board members lost over the last several years. These new board members were recruited with specific intentions by the remaining board members. They were recruited based upon technical expertise, familiarity with nonprofit boards and governance issues, and knowledge of the services provided by FHFGBR to the community.

## **Findings**

### **05-01 Customary Accounting Records**

*Recommendation:* The organization's books, records, general ledger and interim financial statements should be prepared monthly. The financial statements should also be submitted to the Board of Directors on a monthly basis.

*Action Taken:* We concur with the recommendation. The following action was taken effective July 1, 2005. The organization has continued to use the outside contract accountant engaged to assemble the general ledger for the year June 30, 2005, to process the accounting information on a monthly basis for the current fiscal year. The goal of the organization is to provide the board with accurate monthly financial statements comprised of a statement of financial position and a statement of activities with a comparison of actual to budget.

### **05-02 Internal Control Over Payroll**

*Recommendation:* An internal control system over payroll disbursements should be adopted to include the following:

- Approved pay rates should be included in each employees personnel file
- Each employee should prepare weekly timesheets which must be approved by a supervisory employee
- Payroll registers including all payroll disbursement details should be prepared and retained for each payroll

*Action Taken:* We concur with the recommendation. Procedures are in place for the current year to insure that employee timesheets are prepared, signed by the employee, and approved by the employee's supervisor. These timesheets form the basis of information transmitted to an outside payroll service for preparation of the monthly payroll. These procedures were implemented July 1, 2005.

#### **05-03 Inadequate Documentation of Expenses**

*Recommendation:* Appropriate documentation should be obtained before payments are made.

*Action Taken:* We concur with the recommendation. The organization believes the deficiency regarding inadequate documentation of expenses was the result of willful acts by a former employee. Measures have been taken to secure the organization's accounting documentation. These procedures were implemented July 1, 2005.

#### **05-04 Improper Coding of Expenses**

*Recommendation:* Expenditures should be coded to the proper general ledger accounts.

*Action Taken:* We concur with the recommendation. The organization believes the timely recording of accounting information under the supervision of our staff along with the coding of expenses by staff familiar with program operations should address this finding. These procedures were implemented July 1, 2005.

#### **05-05 Internal Control Over Travel**

*Recommendation:* The organization's travel policy should be amended to require that reimbursement requests must be accompanied by supporting documentation prior to the employee being reimbursed. Additionally, procedures should be installed to require that reimbursement requests, including supporting documentation, should be reviewed and approved by a supervisory employee before the employee is reimbursed.

*Action Taken:* We concur with the recommendations. The organization intends to adopt travel policies based on the Travel Regulations of the State of Louisiana as promulgated by the State of Louisiana, Division of Administration. This action will be taken at the board meeting scheduled for January 12, 2006.

#### **05-06 Allocation of Indirect Costs**

*Recommendation:* A cost allocation plan should be adopted to properly allocate indirect costs to the various programs in a consistent and reasonable manner.

*Action Taken:* We concur with the recommendation. The organization will develop and implement an indirect cost allocation plan. To a large extent, this will be addressed by the adoption of annual operating budget. The approval of the operating budget for the fiscal year ending June 30, 2006, is scheduled for January 12, 2006.



#### **05-07 Improper Allocation of Program Expenses**

*Recommendation:* Program expenses should be properly allocated to insure proper reimbursement under contracts.

*Action Taken:* We concur with the recommendation. The adoption of a detailed annual budget based on contracts with funders reflecting the types and amounts of expenses properly chargeable to the various contracts will provide the organization with the basis to classify and monitor expenses. The approval of the operating budget for the fiscal year ending June 30, 2006, is scheduled for January 12, 2006.

#### **05-08 Allocation of Grant Revenue**

*Recommendation:* Reconcile grant revenue to the grant contracts.

*Action Taken:* We concur with the recommendation. The proper allocation of grant revenues will be made easier by the timely recording of all accounting transactions. Accounting information is now being processed on a monthly basis. These procedures were implemented July 1, 2005.

#### **05-09 Dual Signatures On Checks**

*Recommendation:* Checks in excess of \$500 should be signed by management and a member of the board of directors.

*Action Taken:* We concur with the recommendation, but have chosen a higher dollar amount requiring dual signatures. The organization at its board meeting of December 21, 2005, revised its policy requiring dual signatures on checks. The board of directors has raised the dollar level for requiring dual signatures to \$1,000 and over. The new executive director is aware of this policy and the board expects her compliance.

#### **05-10 Issuing Duplicate Checks**

*Recommendation:* Personnel need to be trained in the purpose and effect of internal controls that are in place. Only one check should be issued for each corresponding expenditure.

*Action Taken:* We concur with the recommendation. Policies already in place regarding the processing of vendor invoices for payment should have prevented the occurrence of duplicate payments. These policies will be revisited and revised as necessary.

**05-11 Prepare Monthly Financial Statements on the Accrual Basis.**

*Recommendation:* Transactions should be recorded on the accrual basis of accounting, to enable the Board to monitor the financial position and activities of the Organization.

*Action Taken:* We concur with the recommendation. The financial statements will be prepared on the accrual basis of accounting. We intend to implement this recommendation no later than March 31, 2006.

**05-12 Excessive Cell Phone Usage**

*Recommendation:* A cell phone policy should be implemented and management should review monthly cell phone bills to ensure that the policy is being followed.

*Action Taken:* We concur with the recommendation. At present, no staff person has a cell phone paid for by FHFGBR. The executive director is now paid a fixed monthly allowance for the use of her personal cell phone in connection with FHFGBR's operations. This action was taken at the Board meeting on December 21, 2006.

**05-13 Board Approved Budget and Review of Financial Statements**

*Recommendation:* An annual budget should be prepared and approved by the Board. The Board should also review actual versus budgeted expenditures on a monthly basis for any significant variations.

*Action Taken:* We concur with the recommendation. Our new executive director has prepared an annual budget to be presented to the board for their approval at the January 12, 2006, board meeting. We acknowledge that no budget was prepared prior to the start of the fiscal year. Going forward, the budget process will occur prior to the beginning of the fiscal year. As stated earlier, the organization is working toward having monthly financial statements presented to the board.

**05-14 Lack of Complete Set of Minutes**

*Recommendation:* Board meeting minutes should be recorded in greater detail.

*Action Taken:* At the time the auditors were at the office of FHFGBR, the minutes of board meetings had been removed from the organization's office. The interim executive director was not aware of them being removed and, therefore, did not know who to ask for their return. The minutes have now been returned to the corporate offices.

#### **05-15 Control Over Property and Equipment**

*Recommendation:* A physical count should be conducted periodically and the locations and ID#'s used for tracking assets.

*Action Taken:* We concur with the recommendation. A physical inventory will be conducted of all FHFGBR fixed assets and the fixed asset register will be updated. We intend to implement this recommendation no later than March 31, 2006. The board is aware some assets are missing. It is believed that this problem is also a result of intentional acts by a former employee or as a result of a lack of supervision on her part.

#### **05-16 Annual Financial Reports Not Timely Submitted**

*Recommendation:* The annual financial report should be submitted before the deadline by starting the engagement with 90 days of year end. The Board of Directors should establish an audit committee to monitor year end and financial reporting requirements.

*Action Taken:* We concur with the recommendation. The organization is aware of the reporting deadline contained in Louisiana Revised Statutes. Because of the many problems cited by the auditors, the completion of the audit engagement was delayed beyond the anticipated and contracted deadline. The organization is committed to complying with all laws and regulations and will work diligently with our auditors to ensure this finding does not repeat. The executive committee of the Board will serve as the organization's audit committee.